

**GOVERNMENT OF TELANGANA**  
**ABSTRACT**

ITE&C Department – IMAGE (Animation and Gaming) Policy of Government of Telangana and Operational Guidelines - Orders – Issued.

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**INFORMATION TECHNOLOGY, ELECTRONICS & COMMUNICATIONS  
(Promotions) DEPARTMENT**

**G.O.Ms.No. 3**

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**O R D E R:**

**Background:**

Telangana is a State with a legacy of rich cultural heritage & tourism. It has evolved as a Cultural & Tourism capital right from Art markets, Paintings to Dance, Music, Sculpture, Cinemas, Comics etc. and is now emerging as a leader for eco-tourism and entertainment. It has evolved its own inherent skill and it is poised to impact the global entertainment scenario through the Indian film festival. The holistic development of the State right from Agriculture to Manufacturing, Manufacturing to IT, ITES to Media & Entertainment and to other contemporary development symbolizes true convergence of Technology, Art, Science and Culture.

2. The State Government has unleashed unique Policy measures such as TSIPASS, which is specially designed to expedite the Government clearance process, thereby augmenting the growth of Industry. The ICT sector in the State has registered an impressive growth. Total export revenues earned by the Technology sector is over US\$ 10 Billion growing at a rate of 17% per annum. IT Industry employees over 4.5 lakhs software professionals. Hyderabad Ranks 2<sup>nd</sup> in IT performance in the Country and IT sector contributes to over 40% of total exports from all sectors in the State.

3. As per Gartner's Report, the ICT industry is growing at a swift pace with global IT spending reaching US\$ 3.9 trillion in 2019. As a proportion of National GDP, the Indian ICT sector contribution has grown from 1.2% in FY1998 to 8% in FY2015. India accounted for 58% share in the global sourcing industry in the year 2015. Indian IT Industry has crossed the USD 147 Billion mark recording a growth of 13% including USD 48 billion Domestic contribution to the overall growth. (Source NASSCOM). The Indian IT – BPM Industry employees over 3.5 million software and IT Services professionals adding 2.3 Lakh professionals annually.

4. The growth of Telecommunications is also alarming. In recent times, country has emerged as one of the fastest growing telecom markets in the world. Indian telecom sector has become the second largest wireless network in the world after China. The future progress of telecom in India is very encouraging. As per TRAI Data the number of mobile subscribers in India has increased to 1,006.96 million in 2015.

5. India is poised to be the 2nd largest Smartphone market in the world. India's Smart phone penetration will reach 314 million mobile internet users by 2017 as per the report of IAMAI & KPMG. There were approximately 100 million 3G subscribers in India by the end of 2015 and the number is projected to reach 284 million by end of year 2017. This development is propelling the growth of Mobile Computing Industry in India.

6. Animation, Gaming, VFX, Entertainment & Allied industries are the emerging verticals in the ICT sector. Globally, these verticals have been in focus in the recent past and are believed to have a significant share in the ICT and Entertainment Industry in the future. The sector has huge potential to generate employment and surge ICT exports resulting in socio-economic development of the country.

7. The animation and gaming industry has shown resilience in the face of the current economic downturn. India is now seen as a leading destination for high end, skill based activities. The Indian animation industry is estimated to grow at a CAGR of 22% and gaming industry is estimated to grow at a CAGR of 49% by 2015(Source NASSCOM). Over the years, the Animation, Visual effects, Gaming and Comics – AVCG industry has seen the entry of many global majors who have tapped into India's talent pool for offshore delivery of services. The Global Gaming Industry includes manufacturers of Gaming Hardware and developers of Gaming Software. The video game industry is cyclical in nature and the installed base of the next generation of hardware platforms has an effect on the demand for gaming software. The global animation and gaming market is expected to grow from \$122.20 billion in 2010 to \$242.93 billion by 2017. This represents a compound annual growth rate (CAGR) of 12.94% from 2011 to 2016. The AVCG Sector is being encouraged & promoted extensively by countries like China, Singapore, UAE, UK, The Netherlands, Canada, S.Korea, Japan etc., the Animation, Visual effects, Comics & Gaming is recognized as an important and focused segment and this is considered as Creative Industry. These countries have also created infrastructure and eco systems for the development of the industry, viz. Media City in Dubai (UAE) and Manchester (UK) and Dutch Games Gardens in The Netherlands.

8. Companies have started to focus on improving quality and the creation of original IP. New business models have evolved in the marketplace, to successfully tackle current challenges such as piracy, lack of effective distribution etc, which has led to increased market penetration, and heightened awareness about the animation and gaming industry. The Animation, Visual effects, Comics & Gaming industry is a significant user of technology and can further showcase India's well established credentials in the technology and services offshoring space, in addition to playing a seminal role in developing India's domestic media and entertainment industry.

9. The Animation Industry is classified into the following main segments:

#### **Animation Entertainment:**

- This segment includes the TV/Broadcast of animated cartoon series through 2D cell animation (using 2D bitmap or vector graphics), 3D CGI animation or 3D motion capture animation. This segment comprises of movies and fully animated feature films including VFX or visual effects. Direct to DVD (home entertainment content) is also included in this segment. The segment animated e-learning provides high end imperative effects to impart training on complex subjects and process using automated and digitized versions.

10. The Gaming Industry is classified into the following main segments:

- **Online:** Online games are played on the internet through web portals. These games range from basic single-player games to multiplayer online role-playing games (MMORPG). MMORPGs enable several players to simultaneously interact during a game on the internet.
- **Mobile:** These games are played on mobile telephone devices. Mobile games typically cost under USD10 and are sometimes adapted from popular console or PC games.
- **PC games:** Games in this segment are played on a PC, which is usually upgraded with gadgetry such as an additional graphics card for an enhanced gaming experience.
- **Console:** This segment of gaming requires a separate hardware known as a console that is loaded with the game software. The main brands in this segment include the Sony Play station, Nintendo Wii and Microsoft Xbox. Typically, a generation of console lasts for a few years, also called console

cycles and is upgraded/ replaced by a new generation of gaming hardware and software.

11. While home-grown Indian gaming companies have attracted investments from entertainment majors and private equity players in the past, international gaming companies have also set up base in India either to capitalize on the low-cost advantage or to serve the emerging local market through customized content.

12. Developments over the years indicate that India is emerging as a key animation and gaming development market. The Indian Gaming industry is close to USD 890 million. India's Animation industry generated revenue worth Rs.4,490 crore in 2014, a 13% increase from the previous year, according to data from a FICCI-KPMG report on India's media and entertainment industry. The industry is expected to double in size to Rs.9,550 crore within five years, as Hollywood studios tap a large pool of low-cost, English-speaking animators who are familiar with Western culture.

13. Gaming development in India has been further strengthened by the entry of animation companies into game development. It is easy for the animation companies to tweak existing resources (employees with skills in animation development) to gain from a new opportunity.

14. Following are the factors which will contribute to the growth of gaming market in India:

- Growing demand for Indian content will drive more local gaming development.
- Improving internet bandwidth and PC penetration will also drive uptake of online gaming and lead further boost to development of online games.
- Increased penetration of GPRS-enabled handsets will increase downloads of mobile games.
- Cut in duties might also result in console prices falling in the coming years, as this will help drive uptake.
- Penetration beyond Tier I cities is likely to drive sales.

15. Approximately 10% of Indian gaming companies are engaged in the development of their own IP - creation of end-to-end gaming products. The rest are involved in outsourced work. By 2017, it is expected that more Indian companies will develop their own IP. However, due to lack of advanced skill sets, a favorable regulatory environment and the underdeveloped local gaming market, most of the work in the industry is expected to be outsourced work. Hyderabad has a special advantage of having some of the major suppliers in the Industry, such as HP, DELL, AMD, NVIDIA, Amazon Web services, etc.

16. So far, Science and technical streams were preferred avenues of the society for employment but the Animation, Visual effects, Comics & Gaming sector will create better employment opportunities to arts stream. Entry of creative artists into the Animation, Visual effects, Comics & Gaming industry is regardless of cultural and language backgrounds. There is a requirement of nearly 70% of creative and artistic employees in this industry which will lead to the economic upliftment of large strata of economically backward sections of the society especially in the rural areas.

17. The State of Telangana shall make every effort to attract reputed Animation, Visual effects, Comics & Gaming companies and Training Academies/ Universities of International repute to set up their operations in the State. The following are the advantages & Challenges in the State of Telangana with regard to Animation, Visual effects, Comics & Gaming industry:

#### **Advantage Telangana:**

- Reasonable cost & abundant human resource
- Existence of Animation, Visual effects, Comics & Gaming industry in the State: International players like Walt Disney, Sony Entertainment, Microsoft, Electronic Arts etc. and domestic players like Tata Elxsi, Purple Talk, Prime Focus, Rythm &

Hues, Prasad EFX, DQ entertainment, 7Seas Entertainment, Green Gold, Makuta, Fire Fly, etc. are present in the State.

- Low cost of living & transportation and world class social amenities
- Proven experience and record of IT industry in the state
- Major opportunity Bollywood and Tollywood- Pre and Post production works
- Experience in Multi-platform development and design
- Fast growing telecom industry and improvised mobile connectivity
- Dedicated policy and scheme in place to provide conducive environment to the growing industry.

### **Key Challenges:**

- **Shortage of talented professionals and training institutes:** The number of people employed in the Indian gaming industry is estimated to have reached 15,000 in 2015. However, the industry is still facing a shortage of skilled professionals at the entry and senior management levels. India also lacks training institutes in its gaming industry.
- **Piracy:** The software piracy rate in India is over 60% and it is estimated that the Indian entertainment industry loses around US\$3.5 billion annually due to pirated software. This high piracy rate can be attributed to the high cost of original software and the country's inadequate legal framework.
- **Lack of games that cater to Indian tastes:** The lack of casual games that are customized to the Indian environment, society, lifestyles and culture inhibit users in tier-2 and tier-3 cities. Games based on international themes and story-lines are only able to elicit a limited interest from Indian consumers.
- **Development of original IP:** India's gaming industry witnesses a shortage of funds and manpower. This prevents players from developing original IP, which hampers their ability to be competitive with foreign players.
- **Ease of payment:** Non-availability of a one-click payment mechanism is a deterrent for sale of games. Moreover, the use of credit cards for online transactions other than for air/rail ticket bookings is still not that prevalent among Indian consumers.
- **Price-sensitivity:** Installation of advanced graphic cards for high-end PC games has increased the price of PCs and laptops. This presents a challenge for gaming companies, since price-sensitive Indian consumers are not willing to spend on the infrastructure required for high-end PC games.
- **Regulatory challenges:** The high import duty levied, coupled with indirect taxes, has made the prices of console games dearer compared to prices in the grey market. This is adversely affecting authorized game retailing chains in India.
- **Need for effective revenue sharing models between telecom operators and game developers:** Indian telecom operators usually acquire a revenue share in the range of 60%–70% because of their subscribers' billing rights. Therefore, gaming companies end up with a 25%–30% revenue share. This is low, as compared to the revenue share of around 60% secured by content companies in developed countries. This is inhibiting the growth of the Indian gaming industry.
- **Infrastructure:** The lack of proper physical infrastructure for Animation, Gaming and Visual effects studios, along with inadequate grants/funds for technology and pipeline set ups, is also a stumbling block.
- **Lack of funding:** For gaming companies to provide cutting edge services, it requires adequate funding in infrastructure, IP development, set up a pipeline of training resources. Although, private investors helped gaming companies with funding, however, given the credit crunch and global meltdown, funding constraints is likely to be witnessed by the Animation, Visual effects, Comics & Gaming industry.

## **18. OBJECTIVES / VISION:**

The Telangana IMAGE (Animation and Gaming) Policy is brought out with the following objectives/vision:

- Make Hyderabad the most favored destination for investment in Animation, Visual effects, Comics & Gaming sector.
- Encourage and support appropriate manpower development, infrastructure development and business development.
- Spread awareness and create employment in the Animation, Visual effects, Comics & Gaming sector.
- Bridge the demand and supply gap of human resource through various skill development programmes.
- Attract global majors and R&D companies in Gaming, serious gaming, Animation and serious animation into Telangana.
- Strive towards a larger share of the outsourcing opportunity in the global Animation, Visual effects, Comics & Gaming markets.
- Facilitate a legal framework for ‘IP’ creation and its protection.
- Promote growth of indigenous ‘digital content’ education and entertainment for the masses.
- Set up a “CENTER OF EXCELLENCE” i.e., Telangana IMAGE (Animation and Gaming) City, with state-of-the-art facilities to act as a catalyst for the Animation, Visual effects, Comics & Gaming sector.

## **19. DEFINITIONS:**

### **(i) Animation, Visual effects, Comics and Gaming (AVCG):**

- Animation is a way of making a film by using a series of drawings, computer graphics, or photographs of two and three dimensional objects (such as puppets, clay models or paper cutouts) that are slightly different from one another and that when viewed quickly one after another create the appearance of movement. Animation shall include 2D Animation, 3D Animation, claymation, paper animation, stop motion, shadow animation, hard surface animation etc. Animations can be recorded on either analogue media, or on digital media.
- Visual effects are the processes by which imagery is created and / or manipulated outside the context of a live action shot. Visual effects involve the integration of live-action footage and generated imagery to create environments which look realistic, but would be dangerous, expensive, impractical, or simply impossible to capture on film. Visual effects include computer generated imagery using the affordable and user friendly animation and compositing software.
- Visual Effects shall include Rotoscopy, Digital Cleanup, VFX paint, morphing, DMP - (Digital Matte Painting), Chroma key, Compositing, Tracking, pre-visualization, Prep-wire removal, beauty pass, face & body replacement, Modeling, shedders, texturing, lighting, animation, Rigging, Match move, FX(cloud, liquid, rain, water, dust, smoke, wind, fire, flame, blast, snow, ice, etc) Particle simulation, Simulation - (Fur, hair, Cloth, crowd, destruction, etc), Background & Set creation and extension, Digital environment creation, miniatures for VFX, Image processing, Digital Imaging (DI), Colour correction, Sub-Titling etc.
- A Game is an electronic game that involves human interaction with a user interface to generate visual feedback and immersive experience on a device which shall include 2D, 3D, video, hand held devices, mobile, virtual, console etc. This includes online games, PC games, mobile games and console games.

- Comics is a visual medium used to express ideas via images, often combined with text, voice, sound or visual information. Comics shall include hand drawing, digital, 2D, 3D, motion graphics, motion comics.
- Stereo conversion is a specialized process in animation post production where the normal 2D or live action films are converted to stereoscopic form for an immersive experience. Stereo conversion shall include Rotoscopy, layer painting, depth grading, tracking, element compositing, finalling, edging, particles etc.
- Virtual reality, Augmented reality, Motion Capture, facial capture & Performance Capture, 3D printing, 3D mapping, Simulation, Digital streaming & Content dissemination, Rendering etc. shall be a part of AVCG.

**(ii) SME:** Animation, Visual effects, Comics & Gaming Company with turnover between Rs.10 Lakhs to Rs.20 Crores.

**(iii) Large Scale companies :** Animation, Visual effects, Comics & Gaming Company with turnover between Rs.20 crores to Rs.50 Crores.

**(iv) Strategic/Mega Project :** Animation, Visual effects, Comics & Gaming Company with turnover over Rs.50 Crores and investment proposal above Rs.50 crores.

**(v) SC/ST Entrepreneurs:** Animation, Visual effects, Comics & Gaming Company having a stake of more than 51% shareholding of SC/ST entrepreneurs in the company/unit.

**(vi) Women Entrepreneurs:** Animation, Visual effects, Comics & Gaming Company having a stake of more than 51% shareholding of Women entrepreneurs in the company/unit.

## 20. Strategies & Policy Initiatives for the Growth of Animation, Visual effects, Comics & Gaming (AVCG) Sector:

### **(I) Provision of Infrastructure:**

Identifying infrastructure as a major driver for attracting investments into the State, the Government of Telangana is committed to provide an investor friendly ecosystem by developing high quality infrastructure in the investment regions. All new AVCG parks and development areas shall be provided with the required infrastructure of the highest standards. Telangana State Industrial Infrastructure Corporation (TSIIC) will become the nodal agency to create this infrastructure and manage the land bank.

While government agencies like TSIIC will be encouraged to develop infrastructure and set up designated AVCG clusters, reputed private developers, with proven track record, will also be welcomed to develop dedicated clusters in an appropriate PPP mode. The exact structuring of each of the PPP projects will be decided by the government on a case to case basis. In addition, AVCG clusters developed by private parties on completely private owned lands will also be eligible to receive benefits from the Government on par with those developed on Government lands, either by Government agencies or through PPP.

A few initiatives taken up by the Government to provide high quality infrastructural support are as follows-

#### **(1) Setting up of IMAGE (Animation and Gaming) City:**

Telangana IMAGE (Animation and Gaming) City will be set up in RR District Hyderabad in an appropriate extent of land by Government through Telangana Industrial

Infrastructure Corporation (TSIIC). The Telangana IMAGE (Animation and Gaming) City will be a world class facility that will provide an ideal environment for the following types of Businesses in Animation, Visual effects, Comics & Gaming Industry:

- Animation Film & Gaming: Production & Distribution, Media Content Management & Provider, Film Content Rights Management, Production, Post Production.
- Animation, Visual effects, Comics & Gaming Media Support Services: Web Designing & Management, Interactive Services (Webcasting / Streaming), Media Software Development & Integration, Access Spending, Multimedia Software Development, Video Games, Internet Gaming Broadcasting Hardware & Equipment, Satellite Services & Equipment Provider, GSM & Electronic Media, Media Equipment Rentals, Digital Media Management, Media Archiving & Distribution and Systems Integration Services.
- Animation, Visual effects, Comics & Gaming Media Marketing Services: Advertising & Corporate Identity & Branding, Intellectual Property Rights Management.
- Animation, Visual effects, Comics & Gaming Information Agencies: Media Research and Information Services.
- Promotion of AVCG Public and Private Parks/ Business Improvement Areas (BIA).
- Setting up Common Facility Centers such as sound and video editing, video still photography and motion capture.
- Setting-up of Incubation Centre for AVCG Industry.
- Establishing reliable and high speed telecommunication link as the volume of data transferred is multifold compared to IT industry.
- Ensuring reliable Power by setting up appropriate back up power and exempting industry from statutory power cuts.
- Establishing National AVCG Centers like National Informatics Centers (NIC).

The IMAGE City shall have plug and play spaces, with state of the art built up office space which will be provided at subsidized rates to first generation technocrat entrepreneurs, SMEs engaged in Animation, Visual effects, Comics & Gaming activities, and consist of all support services in the envisaged park. The Incubation Centre will have blocks that would be exclusively dedicated and earmarked for:

- Animation, Visual effects, Comics & Gaming Companies
- Animation & Gaming Processing Labs & Studios for Live Action, Motion Capture, Sound & Acoustics
- Production Wing
- Outsourcing Wing
- Animation, Visual effects, Comics & Gaming Colleges, Universities, Institutions

The IMAGE City shall have the following other features:

- Government will facilitate to create Render farms service on cloud computing model. This will have industry standard Licensed Softwares and this will be provided on shared basis.

## **(2) Allotment of Government land:-**

Allotment of appropriate extent of Government lands subject to fulfillment of prescribed obligations on employment, investment and terms & conditions of allotment, in Hyderabad and other Tier II locations of the State, to eligible Animation, Visual effects, Comics & Gaming companies for their expansion and setting up their own facilities.

The eligibility criteria for allotment of land to the Animation, Visual effects, Comics & Gaming companies is given below. Further, it is also possible to choose land outside these clusters. Large companies who want to make their presence in Hyderabad can develop their own campuses outside these clusters by following the mentioned principles.

**(a) Hyderabad:**

- (i) The applicant Animation, Visual effects, Comics & Gaming company shall have been in operation for the last two financial years on the date of application requesting for allotment of land and registered a turnover of Rs.50 crores during the last two financial years.
- (ii) On the date of application requesting for allotment of land, the Animation, Visual effects, Comics & Gaming company shall have 500 employees on its payrolls and should have sustained such employment for the last two financial years.

The conditions on fulfillment of obligations upon allotment of appropriate extent of land in Hyderabad to Animation, Visual effects, Comics & Gaming company are:

- i. Fulfillment of an employment obligation of employing 250 Animation, Visual effects, Comics & Gaming professionals per one acre of land allotted.
- ii. Construction of 25,000 Sq.,ft office space in one acre of land allotted.
- iii. 3 years for completion of the project and fulfillment of obligations mentioned at (i) and (ii) above from the date of taking over possession of the allotted land.

**(b) Tier-II City (such as Warangal, Karimnagar, Mahboobnagar, Khammam etc):**

- (i) The applicant Animation, Visual effects, Comics & Gaming company shall have been in operation for the last two financial years on the date of application requesting for allotment of land and registered a turnover of Rs.15 crores during the last two financial years.
- (ii) On the date of application requesting for allotment of land, the Animation, Visual effects, Comics & Gaming Company shall have 100 employees on its payrolls.

The conditions on fulfillment of obligations upon allotment of appropriate extent of land in Tier-II city to Animation, Visual effects, Comics & Gaming company are:

- i. Fulfillment of an employment obligation of employing 100 Animation, Visual effects, Comics & Gaming professionals per one acre of land allotted.
- ii. Construction of 15,000 Sq.,ft office space in one acre of land allotted.
- iii. 3 years for completion of the project and fulfillment of obligations mentioned at (i) and (ii) above from the date of taking over possession of the allotted land.

**(II) Provision of Talent Pool:**

**(i) Setting up of Animation, Visual effects, Comics & Gaming Academy:**

- Government of Telangana in association with stakeholders shall set up a world-class and first of its kind in the country Animation, Visual effects, Comics & Gaming Academy to impart requisite communication skills, artistic skills and domain knowledge to the students. This Academy will help create the talent pool that is needed to incubate new ideas and foster entrepreneurship in the Telangana Animation Industry. The Academy would be set up with active involvement and association of reputed Animation, Visual effects, Comics & Gaming Industry leaders, to maintain the balance between theoretical and practical knowledge in the field of Animation, Visual effects, Comics & Gaming areas.
- The Government shall encourage establishing Colleges/institutes/Academy (Government registered Colleges) and universities for long term education in Creativity, Film, Content, Digital, Animation, VFX, Gaming, performing arts, IT & Design and introducing Degree and Diploma Certifications.

- By forming a panel of experts from the industry for designing vocational courses in various disciplines of AVCG.
- Encouraging Public-Private Partnership to set up Universities, Colleges, Education institutes, Colleges/Academies.
- Give due and equal weightage for creative and artistic subjects viz. acting, painting, photography, sculpturing, drawing, mimicry, sound recording, camera handling, dancing, singing, theater and all forms of performing arts in State High School and Junior College syllabus for making the foundation strong. Awareness campaigns in schools and collages about employment opportunities. Government through TASK will work closely with the Education Department in this respect.
- Introducing AVCG as a subject in all fine arts courses in Degree colleges and University programs.
- AVCG to be introduced as a stream in ITI Curriculum & Skills programme.
- Government shall facilitate in drawing Industry experts to dedicate two hours weekly mandatory teaching at AVCG education institutes.
- Government shall set up Digital Content Commission and Media and Entertainment Skill development council MSDC which will work towards development of skills required for Animation, Visual effects, Comics & Gaming Industry.
- Constitution of a Committee for drafting IP Protection and Consumer Privacy Act.
- All the aforesaid Skill development initiatives will be executed through TASK.

#### **(ii) Training & Placement through TASK:**

- Telangana Academy for Skill and Knowledge - TASK is a unique and first of its kind initiative in the country to strengthen the quality of graduates coming out of colleges by imparting Industry grade skill sets in both technical and non technical disciplines. TASK programme brings the ICT Industry, Academia, and the Government, together to make the graduating students Industry ready.
- Government shall ensure that through TASK, the requisite talent pool for Animation & Gaming industry (industry ready), is available by way of imparting hands on experience in communication skills and domain knowledge and through provision of campus placements. Apprenticeship for students graduating in AVCG Segment. Through TASK Government will also conduct programs such as “Train the Trainer”.

#### **(III). Dedicated Incubator for AVCGI:**

In its effort to further enhance the start-up ecosystem in the state, the Government of Telangana in association with STPI has created an Incubation Center dedicated for AVCG start-ups and early stage companies.

In addition, Government of Telangana shall create a suitable Venture Capital Funding mechanism in association with stakeholders to extend appropriate seed capital assistance to first generation entrepreneurs, start ups, Small & Medium Enterprises engaged in the Animation, Visual effects, Comics & Gaming sector.

#### **(IV). Awareness Creation:**

For creating public awareness and promoting Animation, Visual effects, Comics & Gaming industry, Government will conduct state-of-the-art national/ international scale events, conference & exhibitions on annual basis. Further, it will also support & participate

in national/ international conferences and exhibitions conducted by industry to promote this sector. This initiative will help in showcasing local industry about the products & services and also help in attracting investments in AVCG sector.

**(V). Promote Local Content Creation through reservation of air time:**

Government of Telangana shall take up with Govt of India at appropriate level, in order to implement the reservation of at least 5 – 15% of airtime on channels (both foreign and domestic) to promote locally created content to provide level playing field for domestic content development and foster competition between domestic players, foreign companies that set up base in Telangana as well as start ups. This will also ensure that quality content goes on air.

**(VI). Fiscal Incentives:**

In order to promote this segment, Government shall make available the following fiscal incentives:

1. 25% Capital investment subsidy limited to Rs.25 Lakhs for fresh investments made post declaration of the said policy. This is a one-time subsidy for an Investment above Rs.5 Crore and create new employment of 50 employees and above (subject to company being in operation for last two financial years).
2. Reimbursement of production cost: 20% cash back of the project cost if 80% of the production cost of that project is incurred in Telangana by using Telangana talent. This incentive is applicable to Animation Companies which has produced Animation film (60 minutes & above) "Animation Theatrical Released film". The total reimbursement will be upto a maximum of Rs.10 lakhs per film for one company per annum for a period of three years, which is produced on their own and marketed in their brand name. The allowable production costs are Manpower cost, Materials & Print and Professional Services.
3. Reimbursement of production cost: 20% cash back of the project cost if 80% of the production cost of that project is incurred in Telangana by using Telangana talent. This incentive is applicable to Animation Companies which has produced Animation Cartoon Series (25 episodes & above) for TV and Telecast on TV channel. The total reimbursement will be upto a maximum of Rs.5 lakhs per series for one company per annum for a period of three years, which is produced on their own and marketed in their brand name. The allowable production costs are Manpower cost, Materials & Print and Professional Services.
4. Reimbursement of GAME production cost: 20% cash back of the project cost if 80% of the production cost of that project is incurred in Telangana by using Telangana talent. This incentive is applicable to Gaming Companies which has developed online, mobile, console Game. The total reimbursement will be upto a maximum of Rs.5 lakhs per Game for one company per annum for a period of three years, which is produced on their own and marketed in their brand name. The allowable production costs are Manpower cost, Materials & Print and Professional Services. Units /companies to be eligible for said incentives should show case 2 lakhs collective downloads on IOS, Google Play or windows or the Game should be Award winning /nominated at National/International repute Gaming Conclaves.
5. Reimbursement of VFX Production Cost: 20% cash back of the project cost if 10-30 minutes of VFX production of that project that is incurred in Telangana by using Telangana talent. This incentive is applicable to VFX companies that have produced VFX (10 minutes & above) for any - "VFX Theatrical Released film." The total reimbursement of VFX Production Cost : 20% cash back will be up to a maximum of INR 10 lakhs per film for one company, per annum for a period of three years, if executed on their own and contracted in their brand name. The allowable production costs are manpower cost, software & hardware costs and professional services.

6. 25% subsidy on lease rentals up to Rs.5 lakhs per annum maximum up to a period of three years, built up office space upto 25,000 sft, leased by Animation, Visual effects, Comics & Gaming Companies.
7. 100% reimbursement of stamp duty, transfer duty and Registration fee paid by Animation, Visual effects, Comics & Gaming companies on sale/lease deeds on the first transaction. This incentive is available for Mega Projects also. This incentive is not available in case Government land is allotted.
8. 50% reimbursement of stamp duty, transfer duty and Registration fee paid by Animation, Visual effects, Comics & Gaming companies on sale/lease deeds on the 2nd transaction. This incentive is available for Mega Projects also. This incentive is not available in case Government land is allotted.
9. Admissibility of Industrial Power category tariff for Animation, Visual effects, Comics & Gaming Companies. (This incentive is eligible for Mega Projects)

Additionally, AVCG company will be permitted to avail renewable energy under open access system after paying a nominal fixed cost component to DISCOMs as fixed by ERC, subject to a maximum of one third of their total power requirements.

\*\* Power Category Conversion and Open Access system is also available to Training Institutions, Academies, Universities subject to condition that such College, University, Institutes Academies are dedicated Training facilities which are focused on imparting short and long term courses in AVCG Sector (for the purpose of power category conversion, such training institute should be certified by TASK or accredited/affiliated/MoU Colleges or Training Institutes by JNAFAU / HCU / JNTU / OU and other universities in Telangana to avail the said benefit)

10. Rs.15 Lakhs as recruitment assistance for employing minimum 100 employees within two years of commencement of commercial operations payable on telescopic method @ Rs.7.5 lakhs in the 1st one year for employing 50 employees and balance Rs.7.5 lakhs in the 2nd year for employing 50 more employees. For the purpose of calculation, 50% of the employees recruited should be of Telangana origin.
11. Entertainment Tax Exemption: Full fledge Animation VFX Theater film produced and released in Telangana will be entitled for Entertainment Tax exemption. (This incentive is available for Mega Projects also)
12. Reimbursement of 20% of expenditure incurred for obtaining quality certification such as ISO, Indian & International Patent, Conformity European (CE), China, Compulsory Certificate (CCC) and industry specific certifications as per AVCG Standards as recommended by AVCGI Industry Association/CCAGI. Reimbursement will be limited to a maximum of Rs.4 lakhs.
13. 50% Exhibition stall rental cost limited to 9 sq.mts of space and delegate registration charges at conferences /Exhibitions will be reimbursed for participating in the notified national/international exhibitions specifically for Animation, Visual effects, Comics & Gaming Conferences and Exhibitions. This incentive is upto a maximum amount of Rs.5 Lakhs per annum for participation in single or multiple event.
14. Reimbursement of Internet Bandwidth charges, upto Rs.2 Lakhs per annum for a period of three years (multiple locations within Telangana under single company name). The reimbursement is based on actual usage of internet connectivity charges paid to the Internet Service Provider (ISP).
15. Mega Project Incentives: Special incentives and Subsidies package will be worked out for Mega Projects and projects of strategic importance.

**(VII). Fiscal Incentives for SC/ST and Women Entrepreneurs:**

1. 25% Capital investment subsidy limited to Rs.35 Lakhs for fresh investments made post declaration of the said policy. This is a one-time subsidy for an Investment above Rs.5 Crore and create new employment of 50 employees and above (subject to company being in operation for last two financial years).
1. Reimbursement of production cost for “Animation Theatrical Released film”. 40% cash back of the project cost if 80% of the production cost of that project is incurred in Telangana by using Telangana talent, as compared to the incentive mentioned in the above section. The other conditions remains the same. This incentive is limited to a maximum of Rs.15 Lakhs per film company per annum, for a period of three years.
2. Reimbursement of production cost Animation Series : 40% cash back of the project cost if 80% of the production cost of that project is incurred in Telangana by using Telangana talent, as compared to the incentive mentioned in the above section. The other conditions remains the same. This incentive is limited to Rs. 10 Lakhs per series per company per annum, for a period of three years.
3. Reimbursement of GAME production cost: 40% cash back of the project cost if 80% of the production cost of that project is incurred in Telangana by using Telangana talent, as compared to the incentive mentioned in the above section. The other conditions remains the same. This incentive is limited to Rs. 10 Lakhs per game per company per annum, for a period of three years.
4. Reimbursement of VFX Production Cost: 40% cash back of the project cost if 10-30 minutes of VFX production of that project that is incurred in Telangana by using Telangana talent, as compared to the incentive mentioned in the above section. The other conditions remains the same. The total reimbursement of VFX Production Cost : 40% cash back will be up to a maximum of INR 15 lakhs per film for one company, per annum for a period of three years.
5. 50% subsidy on lease rentals up to Rs.8 lakhs per annum maximum up to a period of three years, built up office space upto 25,000 sft, leased by Animation, Visual effects, Comics & Gaming Companies.
6. 100% reimbursement of stamp duty, transfer duty and Registration fee paid by Animation, Visual effects, Comics & Gaming companies on sale/lease deeds on the first transaction. This incentive is available for Mega Projects also. This incentive is not available in case Government land is allotted.
7. 75% reimbursement of stamp duty, transfer duty and Registration fee paid by Animation, Visual effects, Comics & Gaming companies on sale/lease deeds on the 2nd transaction. This incentive is available for Mega Projects also. This incentive is not available in case Government land is allotted.
8. Admissibility of Industrial Power category tariff for Animation, Visual effects, Comics & Gaming Companies. (This incentive is eligible for Mega Projects also).

Additionally, AVCG company will be permitted to avail renewable energy under open access system after paying a nominal fixed cost component to DISCOMs as fixed by ERC, subject to a maximum of one third of their total power requirements.

9. Rs.15 Lakhs as recruitment assistance for employing minimum 100 employees within two years of commencement of commercial operations payable on telescopic method @ Rs.7.5 lakhs in the 1st one year for employing 50 employees and balance Rs.7.5 lakhs in the 2nd year for employing 50 more employees. For the purpose of calculation, 50% of the employees recruited should be of Telangana origin.

10. Entertainment Tax Exemption: Full fledge Animation VFX Theater film produced and released in Telangana will be entitled for Entertainment Tax exemption. (This incentive is available for Mega Projects also)
11. Reimbursement of 40% of expenditure incurred for obtaining quality certification such as ISO, Indian & International Patent and industry specific certifications as per AVCG Standards as recommended by AVCG Industry Association/CCAVCGI. Reimbursement will be limited to a maximum of Rs.5 lakhs.
12. 100% Exhibition stall rental cost limited to 9 sq.mts of space and delegate registration charges at conferences /Exhibitions will be reimbursed for participating in the notified national/international exhibitions specifically for Animation, Visual effects, Comics & Gaming Conferences and Exhibitions. This incentive is upto a maximum amount of Rs.10 Lakhs per annum for participation in single or multiple event.
13. Reimbursement of Internet Bandwidth charges upto Rs.3 Lakhs per annum for a period of three years, as compared to Rs. 2 Lakhs mentioned in the above section.

**(VIII). Other facilitations:**

- (i) Animation, Visual effects, Comics & Gaming companies/units registered as per ROC are eligible for the following general incentives. Automatically applicable:
  - a) Animation, Visual effects, Comics & Gaming companies are exempt from the purview of the statutory power cuts.
  - b) Animation, Visual effects, Comics & Gaming companies are exempt from the purview of the Pollution Control Act, except in respect of power generation sets.
  - c) Animation, Visual effects, Comics & Gaming companies are exempt from inspections under the following Acts and the Rules framed there under, barring inspections arising out of specific complaints. The units are permitted to file self-certificates, in the prescribed formats.
    - The Factories Act 1948.
    - The Shops & Establishments Act 1988.
    - The Contract Labour (Regulation & Abolition) Act 1970.
    - The Payment of Wages Act 1936.
    - The Minimum Wages Act 1948.
    - The Employment Exchanges (Compulsory Notification of Vacancies) Act 1959.
  - e) General permission for three shift operations with women working in the night for Animation, Visual effects, Comics & Gaming companies subject to compliance of safety and security norms prescribed by State Police Dept with regard to women safety.
  - f) Animation, Visual effects, Comics & Gaming companies are declared as essential service under Essential Services Maintenance Act.
- (ii) **Consultative Committee on Animation, Visual effects, Comics & Gaming Industry (CCAVCGI):** Constitution of Consultative Committee on Animation, Visual effects, Comics & Gaming Industry (CCAVCGI) will be formed which will be a Joint Committee with representatives from the Government and Animation, Visual effects, Comics & Gaming Industry for administering the incentives and disbursement of Incentives and Subsidies to Animation, Visual effects, Comics & Gaming industry. Such applications shall be placed before the CCAVCGI for its consideration.

21. The State Government shall make every effort in sustaining the existing Industry and strive towards attracting reputed Animation, Visual effects, Comics & Gaming companies and Training Academies/Universities of international repute.

22. Appropriate Operational Guidelines for administration of incentives envisaged under this Policy, indicating eligibility criteria and procedures thereon, is incorporated as supplement to this Government Order.

23. The Telangana IMAGE (Animation and Gaming) Policy shall be in force for a period of 5 years from the date of issue of the Government Orders.

24. This order is issued with the concurrence of Finance Department.

**(BY ORDER AND IN THE NAME OF THE GOVERNOR OF TELANGANA)**

**JAYESH RANJAN  
PRL.SECRETARY TO GOVERNMENT**

To

All the Departments of Secretariat

The Metropolitan Commissioner, HMDA, Hyderabad

The Commissioner, Greater Hyderabad Municipal Corporation, Hyderabad

The Commissioner and I.G., Stamps and Registration, Hyderabad

The Vice Chairman and Managing Director, TSIIC, Hyderabad

The Commissioner of Industries, Hyderabad

The Commissioner, Information and Public Relations, Hyderabad

The Member Secretary, TS Pollution Control Board, Hyderabad

The Chairman & MD, TSTRANSCO, Hyderabad

The Chairman & MD, TSSPDCL/TSNPDCL/ TNREDCL

The Commissioner of Labour, Hyderabad

The MD, Telangana State Film Development Corporation

The Development Commissioner, VSEZ, Hyderabad

The Director, STPI, Hyderabad

The President, HYSEA, Hyderabad

The Regional Director, NASSCOM, Hyderabad

The President, AVCGI, Hyderabad

The President, TiE, Hyderabad

The President, FTAPCCI, Hyderabad

All the District Collectors

Copy to:

The Secretary to GoI, DeitY, Ministry of Communications & IT, New Delhi

The Hon'ble Chief Minister's Office/PRO to C.M.

The PS to Hon'ble Minister for IT, MA&UD, Hyderabad

The PS to Hon'ble Minister for Finance, Hyderabad

The PS to Hon'ble Minister for Industries, Hyderabad

The PS to Hon'ble Minister for Revenue, Hyderabad

The PS to Hon'ble Minister for Energy, Hyderabad

The PS to Hon'ble Minister for Labour, Hyderabad

The PS to Chief Secretary

SF/SC

// FORWARDED :: BY ORDER //

**SECTION OFFICER**

## **Operational Guidelines for Administration of Incentives and Initiatives as per IMAGE Policy to the eligible Animation, Visual Effects, Comics & Gaming (AVCG) Industry / Companies**

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1. In order to achieve the objective of promotion of Animation, Visual Effects, Comics & Gaming (AVCG) Sector as a key growth engine for employment generation and overall Economic development of the State of Telangana, Government after due consideration, has put in place the IMAGE Policy for a period of 5 years.

2. Further to enable AVCG companies to set up, sustain, function and grow their operations in an investment-friendly, proactive, conducive and hassle free environment in the State, while identifying specific Focus Areas, Government has also announced certain incentives, subsidies and facilitation measures in the said IMAGE Policy.

3. Taking into consideration the feedback of AVCG industry on the said IMAGE Policy, Government hereby issues the following Operational Guidelines and Application Proforma for transparent administration of various incentives mentioned in the IMAGE Policy to the eligible AVCG industry/companies as is applicable.

### **4. Applying for Incentives**

4.1 A Common Application Form (as at **Annexure-I**) for claiming all the applicable incentives & subsidies that are available as per IMAGE Policy for the AVCG companies, as per their eligibility, has been designed keeping in view the statutory/audit/legal requirements of the Government.

4.2 The Application Form is available at [www.it.telangana.gov.in](http://www.it.telangana.gov.in); which can be downloaded and filled in with relevant columns. The Application Form is available at [www.it.telangana.gov.in](http://www.it.telangana.gov.in); which can be downloaded and filled in with relevant columns. The filled in application can be emailed to [ccavcgi@telangana.gov.in](mailto:ccavcgi@telangana.gov.in) along with the all the required documents. Print out of the same will have to be taken, signed and submitted with relevant physical documentation for verification purpose. The application form will not be considered unless submitted along with all the necessary documents.

4.3 Please check the eligibility for claiming any specific incentive before filing the Application form.

4.4 The applicant is welcome to make personal enquiries/ clarifications on the eligibility criteria/filling & filing of Application form, process of the request, to avoid delays. Facilities for email enquiries are also available and shall be replied at the shortest possible time.

4.5 The request for any specific incentive is processed basing on the recommendations of the Consultative Committee on Animation, Visual Effects, Comics & Gaming Industry (CCAVCGI). The Composition and terms & conditions of CCAVCGI is at **Annexure-II** which meets periodically and it is the competent body to solely accept or reject any claim or request for any eligible & applicable incentive to the AVCG companies/industry.

4.6 Best efforts shall be made for processing the requests for eligible and applicable incentives at the least possible time, subject to availability of budget/resources. The sanctioned amount of the financial incentive, if need be, are released on installment basis.

4.7 The AVCG companies are required to follow and adhere to certain terms & conditions, as is prescribed in such sanction/release Order of the Government, with respect to the said/respective claim of incentive.

4.8 The eligibility criteria, procedure, and documents for industrial power category conversion, renewable energy under open access system, reimbursement of stamp duty, reimbursement of recruitment assistance, reimbursement of exhibition stall rentals, reimbursement of quality certification expenditure, capital investment subsidy, reimbursement of production cost for animation theatrical released film, reimbursement of production cost for animation cartoon series, reimbursement of GAME production cost, reimbursement of VFX Production cost, reimbursement of lease rental, entertainment tax exemption, reimbursement of internet bandwidth charges, allotment of land are detailed out in Annexures III-XVI respectively.

4.9 Government has issued Memo notifying the national/ International Events/ Exhibitions/Conferences that could be participated by AVCG companies for claiming the 100%/50% reimbursement of stall rentals and Conference delegate fee.

4.10 Processing and release of incentives are subject to verification of authenticity of information furnished on turnover, investment, employment and continuity in operations of business, from the statutory agencies and Competent Authorities.

4.11 In case it is found that any incentive is claimed by any AVCG company through misrepresentation of facts/furnishing of false information and in case it is found that the respective company is not eligible for the incentive so sanctioned or claimed, Government can seek the refund of the same from the company and initiate any other penal action as is deemed fit.

4.12 The interpretation and decision of the Government is final with regard to applications made by the AVCG company for any of the incentives available as per IMAGE Policy. Government shall not entertain any correspondence against its decision nor can the matter be subjected for any challenge in any court of law at any point of time.

4.13 The following two incentives which are mentioned below as per the IMAGE Policy, would be applicable to AVCG companies, who commence their commercial operations in Telangana, prospective to the date of launch of IMAGE Policy i.e. from 4th April, 2016:-

1. Stamp Duty, Transfer Duty and Registration Fee
2. Recruitment Assistance.

4.14 The other incentives such as industrial power category conversion, renewable energy under open access system, reimbursement of exhibition stall rentals, reimbursement of quality certification expenditure, capital investment subsidy, reimbursement of production cost for animation theatrical released film, reimbursement of production cost for animation cartoon series, reimbursement of GAME production cost, reimbursement of VFX Production cost, reimbursement of lease rental, entertainment tax exemption, reimbursement of internet bandwidth charges, and allotment of land will be applicable to both existing as well as new companies.

5. In the IMAGE Policy, under section (i) Provision of Talent Pool Section, it has been announced that a Media and Skill Development Council (MSDC) shall be set up. Moreover, it has been announced that expert panels will develop vocational courses in various disciplines of AVCG in the same section. This responsibility will be carried out by MSDC as described below.

5.1 The Media and Entertainment Skill Development Council will be constituted to cater to the specific workforce requirements of the AVCG Industry with the following members

- CEO, TASK
- Joint Director (Promotions), ITE&C Department
- CEO, SoFTNET
- 2 industry nominees and 2 nominees from academia as decided by the above 3 members

## 5.2 Roles and Responsibilities of MSDC:

- (i) MSDC shall work in tandem with TASK, and utilize its already established channels to develop a skilled workforce for the AVCG Industry, by taking their inputs.
- (ii) MSDC shall assist AVCG companies with recruitment and skill development.
- (iii)MSDC shall assist the ITE&C Department in setting up a world-class Animation, Visual effects, Comics & Gaming Academy to impart requisite communication skills, artistic skills and domain knowledge to the students.
- (iv)MSDC shall work with industry experts to develop professional courses to be taught at the college level.
- (v) MSDC shall collaborate with academic institutions to ensure that there is a match between the industry requirements and curriculum taught at the college level.
- (vi)MSDC shall also form panels to design vocational courses in various disciplines of AVCG to be taught at the school level
  - a. A minimum of 3 and maximum of 5 members will be chosen to design any course.
  - b. The experts should have a minimum relevant experience of 3 years.
  - c. Each panel shall:
    - Submit a detailed report containing course outline, goals, target audience, course content, and additional resources.
    - Not take more than three months to design a course
  - d. Any individual interested to support this initiative can reach out to:

[ceo\\_task@telangana.gov.in](mailto:ceo_task@telangana.gov.in),  
[jtdir\\_prom\\_itc@telangana.gov.in](mailto:jtdir_prom_itc@telangana.gov.in) or  
[ceo\\_softnet@telangana.gov.in](mailto:ceo_softnet@telangana.gov.in)

## 6. In the Policy, a multitude of initiatives have been announced that require the coordination of more than one Department:

- Degree and Diploma Certifications shall be introduced.
- AVCG shall also be introduced as a subject in all fine arts courses in Degree colleges and University programs.
- Moreover, AVCG shall be introduced as a separate stream in ITI Curriculum.
- Encouraging Public-Private Partnership to set up Universities, Colleges, Education institutes, Colleges / Academies to promote long term education.
- Industry experts shall be mandated to dedicate two hours weekly for teaching at AVCG education institutes.

All these initiatives shall be operationalized in association with TASK and the Education Department.

7. Government Orders declaring AVCG activity as an Essential Service under TS Essential Services Maintenance Act are currently under issue. AVCG Industry will be treated under ESMA at par/Equivalent to IT Industry.

8. Projects meeting the TS-iPASS eligible conditions will be given single window status. Please visit <https://ipass.telangana.gov.in/> for eligibility criteria and further details.

9. Govt Orders indicating the working conditions in AVCG sector are currently under issue.

10. The Operational Guidelines issued for administration of Incentives available under IMAGE Policy to the eligible AVCG industry/companies as mentioned above, shall be in force within the validity period of the IMAGE Policy.

**(BY ORDER AND IN THE NAME OF THE GOVERNOR OF TELANGANA)**

**JAYESH RANJAN  
PRL.SECRETARY TO GOVERNMENT**

// FORWARDED :: BY ORDER //

**SECTION OFFICER**

## **Annexure-I**

( to GO.Ms.No:3, ITE&C Dept, dated:06.04.2017)

### **Common Application Form for grant of Incentives to AVCG Industries listed in the IMAGE Policy**

#### **\* Note:**

1. Fulfillment of eligibility criteria for any request/claim/incentive mentioned hereunder, does not confer any right on the said claim, or entitle the applicant for suo-moto sanction/release of the same nor is it obligatory for sanction of such claim/request/release of incentive on the part of the Sanctioning Authority. The sanction/release of any incentive is based on justification, merits of each case and subject of availability of budget/resources with the Government. No correspondence, whatsoever, in this regard, will be entertained.
2. Please fill all the columns and enclose the relevant documents to avoid rejection.
3. Please apply only for eligible & entitled benefit/incentive to avoid rejection.
4. The veracity of information/figures furnished in the application by the AVCG industry, on investment/employment/turnover is subject to scrutiny and verification by the competent statutory authority.
5. If any information/figures furnished in the application are found to be false at any point of time either during the process of the application or during the applicability of the respective incentive/benefit, or if the applicant obtained such incentive/benefit by misrepresentation of facts, the said incentive/benefit so sanctioned/released is subject to withdrawal and will attract penal clauses as is deemed appropriate/levied by the Government.

## **APPLICATION FOR GRANT OF INCENTIVES TO AVCG INDUSTRY/COMPANIES**

To  
The Prl.Secretary to Government  
Information Technology, Electronics & Communications Department  
Government of Telangana  
D Block, 2nd Floor,  
Telangana Secretariat  
Hyderabad-500022

### **I. Details of AVCG Company:**

1. Name of the Company:

2. Name of the Managing Director:

3. Name(s) of the Director(s):

### **II. Address of Applicant:**

Name and Address:

Contact Person:

Email:

Mobile:

Telephone:

### **III. Nature and activities:**

a. Type of Organisation (Pl. tick mark one or more as is applicable):

Proprietary  Partnership  Pvt. Ltd.  Ltd. Co.

b. Date of incorporation of the Company/Firm:

**\* Enclose Memorandum and Articles of Association or as the entity may be in case of Sole Proprietorship/Partnership.**

c. Date of commencement of commercial operations:

(Date on which the first invoice is raised by you on your client/customer)

d.1. Line of Activity/Core competency/nature/type of the Organisation (Pl. mark):

1. Animation, Gaming & Digital Entertainment
2. VFX, Comics
3. Incubation Center
4. Start up
5. SMEs
6. AVCGI Product/R&D Companies
7. SC/ST Entrepreneurs
8. Women Entrepreneurs
9. Engineering services
10. Training Institutions
11. Tier II locations
12. Tier III locations
13. Creation of IT Incubation Facilities

d.2. In case your organization is engaged in multiple activities, please indicate your core competency & line of activity from which maximum revenues are generated:

d.3. In case your core competency is in AVCG Product/R&D activity, please give details on Patents/Copy Right/Trade Mark obtained/registered/applied for on the date of application:

e. Existing Status: (Whether operational/Domestic/Export oriented/100% EOU/STPI/SEZ)

f. Investment Made:

i) Plant & Machinery (Rs.):

ii) Land & Buildings (Rs.):

iii) Total (Rs.):

g. Performance: last three years (In lakhs of Rupees):

Year	Export turnover	Domestic turnover	Total turnover*

\*Provide Annual Reports / Audited Financial statement

h. Total number of Employees (employed at present) within India/Overseas:

**\*Attach authentication from Competent/Statutory Authority, on existing employment (as indicated at Annexure-XV)**

#### **IV. Category under which incentives are applied for:**

Normal/General

Mega Project

SC/ST Entrepreneur

Women Entrepreneur

**\*For Mega Project, provide financial statements for the previous financial year and proposed project proposal**

**\*For SC/ST Entrepreneurs or Women Entrepreneurs, provide shareholding pattern of the company along with caste certificate (in case of SC/ST Entrepreneur) or birth certificate (in case of Women Entrepreneur) of the applicant.**

**V. Incentive applied for (Please mark):**

1.	Power	<input type="checkbox"/>	2.	Reimbursement of Stamp duty, transfer duty & Registration fee	<input type="checkbox"/>
3.	Reimbursement of Recruitment Assistance	<input type="checkbox"/>	4.	Reimbursement of Exhibition Stall Rentals and conference delegate fee	<input type="checkbox"/>
5.	Reimbursement of Quality Certification expenditure	<input type="checkbox"/>	6.	Capital Investment Subsidy	<input type="checkbox"/>
7.	Reimbursement of production cost for Animation Theatrical released film	<input type="checkbox"/>	8.	Reimbursement of production cost for Animation Cartoon series	<input type="checkbox"/>
9.	Reimbursement of GAME Production cost	<input type="checkbox"/>	10.	Reimbursement of VFX Production cost	<input type="checkbox"/>
11.	Reimbursement of lease rentals subsidy	<input type="checkbox"/>	12.	Entertainment Tax Exemption	<input type="checkbox"/>
13	Reimbursement of Internet Bandwidth charges	<input type="checkbox"/>	14	Allotment of land	<input type="checkbox"/>

**[1] Power:**

**i. Conversion to Industrial Power Tariff:**

a. Service connection(s) No(s):

b. Name as mentioned on the Bill

c. Date of obtaining connection

d. Load: (per month / per annum)

\* Enclose copy of the Electricity Bill.

**ii. Avail Renewable Energy Under Open Access System:**

The AVCG company may place a special representation with a project proposal justifying the total power requirement and sources of renewable energy, to avail this incentive under the aforesaid incentive scheme.

**[2] Reimbursement of Stamp duty, Transfer duty & Registration fee (100/75/50%)**

a. Name and Location of the AVCG company:

b. Extent of built up space (sq. ft.):

c. Extent of Land in (acres): (if applicable)

d. Nature of transaction

(i) Mention Sale/Purchase/Lessee:

(ii) Claim for 100% / 75% / 50%

(iii) In case it is 2<sup>nd</sup> transaction: details of 1<sup>st</sup> transaction with date, location & amount of reimbursement availed

e. Date of registration:

f. Total value of the transaction:

g. Amount of Registration Fee, Stamp duty and Transfer of property duty paid:

h. Amount claimed as reimbursement:

**\*Enclose copies of the sale/purchase/lease deed and the payment challans.**

**\*This incentive is not applicable for the land allotted by the Govt.**

**[3] Reimbursement of Recruitment Assistance:**

a. Date of commencement of operations:

b. Number of employees recruited within 1 year

c. Number of employees recruited in the 2nd year

d. Whether applied for the first year / second year

e. Amount Requested as Reimbursement:

**\*Enclose Certificate from Provident Fund/Bank/Profession Tax/Income Tax office confirming the no. of the employees, Domicile/Birth Certificate/Proof of Birth from Competent Authority for 50% of the employees of Telangana origin for which this incentive is being applied.**

**[4] Reimbursement of Exhibition Stall Rentals and Conference delegate fee:**

a. Name of the Exhibition/Conference & Location:

b. Cost of Stall Rental for 9 sq Mts

d. Cost of conference delegate fee paid

d. Dates of Participation

e. Amount claimed:

**\*Enclose copy of invoices/receipts from Exhibition/Conference organizers.**

**\*This incentive is applicable for notified events as per Government Memo on Calendar of Exhibitions & Conferences.**

**[5] Reimbursement of Quality Certification Expenditure**

a. Name/Level of Quality Certification achieved:

b. Date of the Quality Certificate:

c. Name of the Certifying Authority, with address:

d. Total expenditure incurred for obtaining the Quality Certification:

e. Total amount requested as reimbursement:

**\* Enclose Copy of the Quality Certificate from Competent Authority, Statement of expenditure incurred duly certified by your audit firm, and copies of all invoices/receipts for the expenditure.**

**[6] Subsidy on Capital Investment:**

a. Total Capital Investment made (after April 2016):

b. Amount of Capital Subsidy applied for:

**\*Enclose Detailed Statement on Capital Investment made along with relevant invoices. See Annexure for more details**

**[7] Reimbursement of production cost for Animation Theatrical Released Film**

a. Production Cost (incurred after April 2016):

b. Total Amount Requested as Reimbursement:

**\*Enclose detailed audited statement on specific Production Cost made along with copies of invoices, Certificate from State/Central Board of Film or equivalent certificate (subject to confirmation by the members of CCAVCGI).**

**[8] Reimbursement of production cost for Animation Cartoon Series**

a. Production Cost (incurred after April 2016):

b. Total Amount Requested as Reimbursement:

**\*Enclose detailed audited statement on specific Production Cost made along with copies of invoices**

**[9] Reimbursement of GAME Production cost**

a. Production Cost (incurred after April 2016):

b. Total Amount Requested as Reimbursement:

**Enclose detailed audited statement on specific Production Cost made along with Invoices, Proof of the total number of downloads made on iOS App Store, Google Play Store / Online PC based and other platforms or proof of nomination/award in a national/international repute gaming conclave**

**[10] Reimbursement of VFX Production cost**

a. Production Cost (incurred after April 2016):

b. Total Amount Requested as Reimbursement:

**Enclose detailed audited statement on specific VFX Production Cost made along with Invoices towards manpower cost, software & hardware costs and professional services**

**[11] Subsidy on Lease Rentals**

a. Name and location of leased premises/Rented premises:

b. Extent of built up space taken (sft):

c. Total lease rentals per annum:

d. If subsidy has been availed for the preceding period, please mention dates and total amount claimed earlier:

e. Amount Requested as Subsidy:

**\*Enclose receipt of payment made to the Landlord**

**[12] Entertainment Tax Exemption**

a. Name of the Animated Theatrical film

**\* Enclose Summary of details of the film with regard to showcasing sufficient evidence about the film being made in Telangana. Also, include specifics of the work outsourced to any other State in India or abroad. Enclose a separate page providing the details.**

**[13] Reimbursement of Internet Bandwidth Charges**

a. Location:

b. Number of Months (mention dates):

c. Amount paid for Internet Services:

d. Total Amount Requested as Reimbursement:

**\*Enclose copies of invoices/receipts from the service providers for the period applied for.**

**[14] Allotment of land:**

**Allotment of Government land is subject to applicant meeting eligibility criteria**

a. Place/Location of Land required

b. Why is land required?

c. How does it enhance your business?

d. Proposed Activities (pl specify)

e. Proposed Number of Employees on the land, if allotted:

f. Extent of land required (area)(in acres):

g. Proposed Investment:

h. Proposed Built up area (in sq. ft.):

i. Proposed Start Date:

j. Proposed Completion Date:

k. Source of funding:

Any other relevant information/comments/remarks (in justification of your application)

\* **Attach proof/evidence/document in support of the claim.**

### **DECLARATION**

I hereby declare that the particulars as given in the application are correct to the best of my knowledge and belief and agree to the terms & conditions of Sanction of our request/incentive claimed /applied through this application.

Place:

Date:

Signature:

Name of the  
Authorized signatory:

Designation:

Mandatory Documents for all applications:

- In all cases of Application for incentives, the applicant should submit their PAN, TAN/ Service Tax/VAT Registration Number of the Corporate entity.
- Entities which are applying for Capital Investment Subsidy, Allotment of Land, Reimbursement of Production Cost and having more than 10 employees should submit their PF/ESI/TDS Details.

## **Annexure – II**

( to GO Ms.No:3 ITE&C Dept, dated:06.04.2017)

### **Consultative Committee on Animation, Visual Effects, Comics & Gaming Industry (CCAVCGI)**

1) For administering the incentives to the AVCG Industry in a smooth manner, a high level co-ordination between the various Departments of the Government and the Industry is required. For effectively resolving the problems and ensuring growth of the AVCG Industry in the State, a Consultative Committee on Animation, Visual Effects, Comics & Gaming Industry (CCAVCGI) with the following composition is constituted:

Prl.Secretary, ITE&C Department	Chairman
CMD, TSTRANSCO	Member
CMD, TSSPDCL	Member
Commissioner & IG Registration	Member
VC & MD, TSIIC	Member
Metropolitan Commissioner, HMDA	Member
Commissioner, GHMC	Member
Representative of Commissioner of Labour	Member
Representative of MA&UD Dept	Member
Representative of Commissioner of Industries/DIC	Member
Representative from Telangana State Film Development Corporation	Member
Collector, R.R.District	Member
Director, STPI Hyd, GoI,	Member
Development Commissioner, VSEZ, GoI	Member
President, AVCGI	Member
Secretary, AVCGI	Member
Regional Director, NASSCOM	Member
President, HYSEA	
Co-opted Member (any representative from AVCG Industry/Government/Expert/University /Professional) as and when required	Member
JD (Promotions), ITE&C Department	Convener

2) All applications shall be prima facie scrutinized by the ITE&C Dept (Promotion wing) on the eligibility, veracity of technical/financial and other information, etc., furnished by the applicant, which shall place all factual information as mentioned in the application form thereon, before the Consultative Committee on Animation, Visual Effects, Comics & Gaming Industry (CCAVCGI) for its consideration.

3). The CCAVCGI shall act as a single window for recommending & granting all the incentives/ subsidies announced through the IMAGE Policy.

4) The CCAVCGI shall meet periodically.

5) The terms of reference of CCAVCGI are indicated below:

- a) To grant various incentives available in the IMAGE Policy to AVCG industry on examination of applications made by them including approving allotment of lands to the AVCG Industry.
- b) To resolve the problems in implementation of the IMAGE Policy for speedy realization of the goals set forth.
- c) To prescribe the procedures and to issue guidelines and clarifications in implementation of the IMAGE Policy.

6). The CCAVCGI can recommend/approve/reject/defer any application for incentives based on its logical conclusion.

7). The term of the members of CCAVCGI shall be decided by the Government as per IMAGE Policy.

### **Annexure – III**

( to GO Ms.No:3 ITE&C Dept, dated:06.04.2017)

#### **Industrial Category Power Tariff**

- 1) Industrial Category Power Tariff is admissible to all the units/companies of AVCG Industry as per eligibility and as indicated/ defined under IMAGE Policy.
- 2) The CCAVCGI will consider the applications of those eligible AVCG Industry after one financial year from the date of commencement of commercial operations of the applicant company/unit.
- 3) The Power connection should be in the name of the AVCG Company applying for concessions.
- 4) AVCG Companies located in multiple premises or having multiple meters would be eligible for the Industrial Category Power Tariff concession provided the power connections are in the name of the AVCG Company.
- 5) In case of Training Institutions / Colleges / Universities applying to avail the benefit of Power Category Conversion, it should authenticate their training facility through TASK.
- 6) The Infrastructure companies building IT/ITES/AVCG Parks need to obtain notified IT/ITES/AVCG Park Status from Government at ITE&C Dept, subject to stipulated terms & conditions, to pass on the benefit of Industry Power Category Conversion to AVCG companies who have taken office space in their respective IT/ITES/AVCG Park.
- 7) Incubation Centres located in Independent premises or in Colleges/Universities for promoting AVCG Startups can also apply. This will be taken as a special case by CCAVCGI provided the Power Connection Meter should be in the name of the Incubation Center.
- 8) (i) Notified IT/ITES/AVCG Infrastructure Companies; IT/ITES/AVCG Parks; IT/ITES/AVCG SEZs are responsible for filing the applications for extending the incentive of Industrial Category Power Tariff conversion only to give effect/benefit to their lessees, i.e., AVCG industry located in their multi-tenanted IT/ITES/AVCG Parks or built to suit IT/ITES/AVCG facilities, by submitting a statement of such companies consumption and rebate applicable as per the limits prescribed. They are responsible for the accuracy and correctness besides being responsible for obtaining the necessary applications from their clients and submitting to ITE&C Department.  
(ii) These notified IT/ITES/AVCG Parks will have their power connections converted to Industrial Category Power Tariff.  
(iii) Please note that the benefit of Industrial Power category tariff is not meant for the captive benefit of Notified IT/ITES/AVCG Infrastructure Companies; IT/ITES/AVCG Parks; IT/ITES/AVCG SEZs and shall only be passed on to their tenants engaged in AVCG activity. It does not include Cafeteria, basic facilities, restaurants, Bank ATM and other utility services. Any violation in this regard is viewed seriously and the respective Notified IT/ITES/AVCG Infrastructure Companies; IT/ITES/AVCG Parks; IT/ITES/AVCG SEZs, is liable for withdrawal of such benefit and attract penal provisions as is deemed fit by the Government.

**Procedure:**

- 9) The AVCG Industry companies should submit duly filled in Application Form to the ITE&C Department alongwith the copy of the Power bills in the name of the company, Memorandum & Articles of Association, Annual Reports and any such other document as required.
- 10) A Certificate/Memo would be issued by ITE&C Department to the effect that the respective AVCG company is eligible for Industrial Category Power Tariff upon the approval of CCAVCGI.
- 11) The AVCG companies granted Power Certificates/Memo, as per their eligibility, shall claim the benefit from their respective Discom, i.e., TSSPDCL/ TSNDCL/ TNREDCL etc.
- 12) Basing on the Power Certificate/Memo issued by ITE&C Department, the respective Discoms, i.e., TSSPDCL/ TSNDCL/ TNREDCL etc, will automatically effect the Industrial Power tariff Category Conversion from the date of issue of the said Power Certificate/Memo to the AVCG company.

**Renewable Energy Open Access System**

The AVCG company may place a special representation with a project proposal justifying the total power requirement and sources of renewable energy, to avail this incentive under the aforesaid incentive scheme.

## **Annexure – IV**

( to GO Ms.No:3 ITE&C Dept, dated:06.04.2017)

### **100% or 75% or 50% Reimbursement of Registration Fee, Stamp Duty & Transfer of Property Duty**

AVCG Industry would be eligible to claim for 100% or 75% or 50% reimbursement in Registration Fee, Stamp Duty & Transfer of Property Duty on 1<sup>st</sup> or 2<sup>nd</sup> transaction as is applicable to their category and as per the following terms and conditions:

#### **1. Eligibility:**

(a) For AVCG Industry concession would be available on the outright purchase/lease or lease-cum-sale of land/built up office space for establishing AVCG facility for its own use. This incentive is not applicable for the land allotted by the Government.

(b)The above reimbursement would be applicable on the combined levy of registration fee; stamp duty and transfer of property duty.

(c) This reimbursement benefit would be available only to an AVCG company when they take office space on lease/purchase/sale and not to the IT/ITES/AVCG Park developer who has developed the said IT/ITES/AVCG Park.

(d)This concession would be available only to those who have executed the sale/purchase/lease-deed after the announcement of the IMAGE Policy (i.e. 4th April, 2016). and subject to the approval of the CCAVCGI.

#### **2. Procedure:**

The AVCG companies should submit duly filled up application forms to the ITE&C Department for placing before the CCAVCGI for approval

#### **3. Documents Required:**

- Copy of the Sale/Lease/Purchase Deed
- Receipts/Challan paid on the amount of Registration Fee, Stamp Duty & Transfer of Property Duty to the Sub-Registrar, Registration Dept
- Any other supporting documents.

#### **4. Performance Guarantee (Bank Guarantee):**

The AVCG companies availing the above concession should provide a Bank Guarantee, as per proforma (Annexure -XVII) for an equal amount of their claim valid for a period of 3 years from the date of release of the said amount by Government.

## **Annexure – V**

( to GO Ms.No:3 ITE&C Dept, dated:06.04.2017)

### **Reimbursement of Recruitment Assistance**

This Recruitment Assistance incentive is applicable to companies commencing their commercial operations after the announcement of IMAGE Policy (i.e. 4th April, 2016).

The Recruitment Assistance incentive is available for recruitments made after the announcement of IMAGE Policy.

AVCG Industry would be eligible for reimbursement of recruitment assistance for an amount of Rs.15 Lakhs for employing minimum 100 employees within two years of commencement of commercial operations payable on telescopic method @ Rs.7.5 lakhs in the 1st one year for employing 50 employees and balance Rs.7.5 lakhs in the 2nd year for employing 50 more employees. This is a onetime incentive given to AVCG companies.

#### **1. Eligibility:**

- a. The AVCG Company would have to employ 100 professionals, of which at least 50% of employees should be of Telangana origin, within 2 years of commencement of commercial operations.
- b. The employees for whom recruitment assistance is availed for should work for the company for a minimum period of one year from their date of appointment

#### **2. Procedure:**

The AVCG company should submit duly filled up common application form to the ITE&C Department along with the required documents as stated below for placing before the CCAVCGI for approval.

#### **3. Documents Required:**

- Certificate from Provident Fund/Bank/Profession Tax/Income Tax office confirming the no. of the employees.
- Domicile/Birth Certificate/Proof of Birth from Competent Authority for 50% of the employees of Telangana origin for which this incentive is being applied.

## **Annexure – VI**

( to GO Ms.No:3 ITE&C Dept, dated:06.04.2017)

### **Reimbursement of Exhibition Stall Rental and Delegate Registration Fee**

AVCG Industry would be eligible for reimbursement of 50% of the Exhibition stall rental cost limited to 9 sq. mts. of space and delegate registration charges at conferences/ Exhibitions will be reimbursed for participating in the notified national/international exhibitions and Conferences. This incentive is upto a maximum amount of Rs.5 Lakhs per annum for participation in single or multiple event. A detailed list of exhibitions for which this is valid is given in a separate Memo.

#### **For SC/ST/Women Entrepreneurs:**

100% of the Exhibition stall rental cost limited to 9 sq. mts. of space and delegate registration charges at conferences/Exhibitions up to a maximum of Rs 10 Lakhs will be applicable with all other conditions remaining the same.

#### **1. Eligibility:**

Any AVCG Company which participated in those events/exhibitions listed out by the ITE&C Department in the Memo.

#### **2. Procedure:**

The AVCG Company should submit duly filled up common application form to the ITE&C Department along with the required documents as stated below for placing before the CCAVCGI for approval.

#### **3. Documents Required:**

- Copy of invoice/receipt from the organizer clearly stating the name of the participating company and the event and the area of the stall along with the total cost paid by the company.

## **Annexure – VII**

( to GO Ms.No:3 ITE&C Dept, dated:06.04.2017)

### **Reimbursement of Quality Certification expenditure**

AVCG Industry would be eligible for reimbursement of 20% of expenditure incurred for obtaining quality certification such as ISO, Indian & International Patent, Conformity European (CE), China, Compulsory Certificate (CCC) and industry specific certifications as per AVCG Standards as validated/approved by AVCGI Association/CCAVCGI. Reimbursement will be limited to a maximum of Rs.4 lakhs.

#### **For SC/ST/Women Entrepreneurs:**

Reimbursement of 40% of expenditure incurred for obtaining quality certifications up to a maximum of Rs 5 Lakhs will be applicable with all other conditions remaining the same.

#### **1. Eligibility:**

Any AVCG Company based in Telangana.

#### **2. Procedure:**

The AVCG Company should submit duly filled up common application form to the ITE&C Department enclosing the required documents as stated below for placing before the CCAVCGI for approval.

#### **3. Documents Required:**

- Copy of the Quality Certificate from Competent Authority
- Statement of expenditure incurred certified by audit firm
- Copies of all invoices/receipts for the expenditure.

## **Annexure – VIII**

( to GO Ms.No:3 ITE&C Dept, dated:06.04.2017)

### **Capital Investment Subsidy**

AVCG Industry would be eligible for 25% Capital investment subsidy limited to Rs.25 Lakhs for fresh investments made after the launch of the said policy (4th April, 2016). This is a one-time subsidy for an Investment above Rs.5 Crore and commits to create new employment of 50 employees and above (subject to company being in operation for last two financial years).

#### **For SC/ST/Women Entrepreneurs:**

A subsidy upto Rs.35 Lakhs will be applicable with all other conditions remaining the same.

#### **1. Eligibility:**

Any AVCG Company which has been operational for the last previous one financial year is eligible to apply for this incentive.

#### **2. Procedure:**

The AVCG Company should submit duly filled up common application form to the ITE&C Department along with the required documents as stated below for placing before the CCAVCGI for approval.

#### **3. Documents Required:**

- Detailed Audited Statement of the Capital Investments made along with copies of invoices.

#### **4. Performance Guarantee (Bank Guarantee):**

- The AVCG companies availing the above concession should provide a Bank Guarantee, as per proforma (Annexure -XVII) for an equal amount of their claim valid for a period of 3 years from the date of release of the said amount by Government.
- The Company/Unit after meeting the employment commitment of 50 jobs (retained on rolls for a period of one year), the Bank Guarantee will be released.
- Capital Investment does not includes land cost.

## **Annexure – IX**

( to GO Ms.No:3 ITE&C Dept, dated:06.04.2017)

### **Reimbursement of production cost for Animation Theatrical released film**

AVCG Industry would be eligible for Reimbursement of production cost i.e 20% cash back of the project cost if 80% of the production cost of that project is incurred in Telangana by using Telangana talent. This incentive is applicable to Animation Companies which has produced Animation film (60 minutes & above) “Animation Theatrical Released film”. The total reimbursement will be upto a maximum of Rs.10 lakhs per film for one company per annum for a period of three years, which is produced on their own and marketed in their brand name. The allowable production costs are Manpower cost, Materials & Print and Professional Services.

#### **For SC/ST/Women Entrepreneurs:**

40% cash back of the project cost limited to a maximum of Rs. 15 Lakhs is applicable with all other conditions remaining the same.

#### **1. Eligibility:**

- The animation theatrical film should have a running time greater than 90 minutes
- 80% of the total production cost incurred should be incurred in Telangana
- The AVCG Company should have a registered office in Telangana

#### **2. Procedure:**

The AVCG Company should submit duly filled up common application form to the ITE&C Department along with the required documents as stated below for placing before the CCAVCGI for approval.

#### **3. Documents Required:**

- Enclose audited statement on specific Production Cost made along with copies of invoices
- Certificate from State/Central Board of Film or equivalent Certificate (subject to confirmation by the members of CCAVCGI).

4. The CCAVCGI will ascertain the amount of production cost incurred in Telangana viz-a-viz the Total Production cost

## **Annexure – X**

( to GO Ms.No:3 ITE&C Dept, dated:06.04.2017)

### **Reimbursement of production cost for Animation Cartoon series**

AVCG Industry would be eligible for reimbursement of production cost i.e. 20% cash back of the project cost if 80% of the production cost of that project is incurred in Telangana by using Telangana talent. This incentive is applicable to Animation Companies which has produced Animation Cartoon Series (25 episodes & above) for TV and Telecast on TV channel. The total reimbursement will be upto a maximum of Rs.5 lakhs per series for one company per annum for a period of three years, which is produced on their own and marketed in their brand name. The allowable production costs are Manpower cost, Materials & Print and Professional Services.

#### **For SC/ST/Women Entrepreneurs:**

40% cash back of the project cost limited to a maximum of Rs. 10 Lakhs is applicable with all other conditions remaining the same.

#### **1. Eligibility:**

- The animation cartoon series should have a minimum of 25 episodes for telecast on a TV channel
- 80% of the total production cost incurred should be incurred in Telangana
- The AVCG Company should have a registered office in Telangana

#### **2. Procedure:**

The AVCG Company should submit duly filled up common application form to the ITE&C Department along with the required documents as stated below for placing before the CCAVCGI for approval.

#### **3. Documents Required:**

- Enclose audited statement on specific Production Cost made along with copies of invoices
- 4. The CCAVCGI will ascertain the amount of production cost incurred in Telangana viz-a-viz the Total Production cost

## **Annexure – XI**

( to GO Ms.No:3 ITE&C Dept, dated:06.04.2017)

### **Reimbursement of GAME Production cost**

AVCG Industry would be eligible for Reimbursement of GAME production cost i.e 20% cash back of the project cost if 80% of the production cost of that project is incurred in Telangana by using Telangana talent. This incentive is applicable to GAMING Companies which has developed online, mobile, console Game. The total reimbursement will be upto a maximum of Rs.5 lakhs per Game for one company per annum for a period of three years, which is produced on their own and marketed in their brand name. The allowable production costs are Manpower cost, Materials & Print and Professional Services. Units /companies to be eligible for said incentives should show case 2 lakhs collective downloads on IOS, Google Play or windows or the Game should be Award winning /nominated at National/International repute Gaming Conclaves.

#### **For SC/ST/Women Entrepreneurs:**

40% cash back of the project cost limited to a maximum of Rs. 10 Lakhs is applicable with all other conditions remaining the same.

#### **1. Eligibility:**

- The game should have a minimum of 2 lakhs collective downloads on iOS, Android and PC based or must be award winning/nominated at national/international repute gaming conclaves
- 80% of the total production cost should have been incurred in Telangana
- The AVCG Company should have a registered office in Telangana

#### **2. Procedure:**

The AVCG Company should submit duly filled up common application form to the ITE&C Department along with the required documents as stated below for placing before the CCAVCGI for approval.

#### **3. Documents Required:**

- Detailed audited statement on specific Production Cost made along with Invoices
- Proof of the total number of downloads made on iOS App Store, Google Play Store / Online PC based and other platforms or proof of nomination/award in a national/international repute gaming conclave

## **Annexure – XII**

( to GO Ms.No:3 ITE&C Dept, dated:06.04.2017)

### **Reimbursement of VFX Production cost**

AVCG Industry would be eligible for Reimbursement of VFX Production Cost i.e.20% cash back of the project cost if 10-30 minutes of VFX production of that project that is incurred in Telangana by using Telangana talent. This incentive is applicable to VFX companies that have produced VFX (10 minutes & above) for any - "VFX Theatrical Released film." The total reimbursement of VFX Production Cost : 20% cash back will be up to a maximum of INR 10 lakhs per film for one company, per annum for a period of three years, if executed on their own and contracted in their brand name. The allowable production costs are manpower cost, software & hardware costs and professional services.

#### **For SC/ST/Women Entrepreneurs:**

40% cash back of the project cost limited to a maximum of Rs. 15 Lakhs is applicable with all other conditions remaining the same.

#### **1. Eligibility:**

- The VFX work should be 10 minutes and above
- The work should have got executed in Telangana by using 50% of Telangana talent.
- The company should have VFX operations based in Telangana.

#### **2. Procedure:**

The AVCG Company should submit duly filled up common application form to the ITE&C Department along with the required documents as stated below for placing before the CCAVCGI for approval.

#### **3. Documents Required:**

- Detailed audited statement on specific VFX Production Cost made along with Invoices towards manpower cost, software & hardware costs and professional services

## **Annexure – XIII**

( to GO Ms.No:3 ITE&C Dept, dated:06.04.2017)

### **Reimbursement of lease rental**

AVCG Industry would be eligible for reimbursement of 25% subsidy on lease rentals up to Rs.5 lakhs per annum maximum up to a period of three years, built up office space upto 25,000 sft, leased by Animation, Visual Effects, Comics & Gaming Companies.

#### **For SC/ST/Women Entrepreneurs:**

50% subsidy on lease rentals up to a maximum of Rs. 8 lakhs per annum will be applicable with all other conditions remaining the same.

#### **1. Eligibility:**

Any AVCG company is eligible to avail subsidy on lease rentals at one or multiple locations.

#### **2. Procedure:**

The AVCG Company should submit duly filled up common application form to the ITE&C Department along with the required documents as stated below for placing before the CCAVCGI for approval.

#### **3. Documents Required:**

- Copy of receipts/invoices of payment made to the Landlord

## **Annexure – XIV**

( to GO Ms.No:3 ITE&C Dept, dated:06.04.2017)

### **Entertainment Tax Exemption**

AVCG Industry would be eligible for Entertainment Tax exemption for Full fledge Animation VFX Theater film produced and released in Telangana. (This incentive is available for Mega Projects also)

#### **1. Eligibility:**

The AVCG company should have a registered office in Telangana

#### **2. Procedure:**

The AVCG Company should submit duly filled up common application form to the ITE&C Department along with the required documents as stated below for placing before the CCAVCGI for approval.

#### **3. Documents Required:**

- Summary of details of the film with regard to showcasing sufficient evidence about the film being made in Telangana.
- Also, include specifics of the work outsourced to any other State in India or abroad.
- Enclose a separate page providing the details.

## **Annexure – XV**

( to GO Ms.No:3 ITE&C Dept, dated:06.04.2017)

### **Reimbursement of Internet Bandwidth charges**

AVCG Industry would be eligible for Reimbursement of Internet Bandwidth charges, upto Rs.2 Lakhs per annum for a period of three years (multiple locations within Telangana under single company name). The reimbursement is based on actual usage of internet connectivity charges paid to a Internet Service Provider (ISP).

#### **For SC/ST/Women Entrepreneurs:**

Reimbursement of Internet Bandwidth charges up to Rs 3 Lakhs per annum will be applicable with all other conditions remaining the same.

##### **1. Eligibility:**

Any AVCG company.

##### **2. Procedure:**

The AVCG Company should submit duly filled up common application form to the ITE&C Department along with the required documents as stated below for placing before the CCAVCGI for approval.

##### **3. Documents Required:**

- Copy of receipts/invoices from the service providers for the period applied for.

## **Annexure-XVI**

( to GO Ms.No:3 ITE&C Dept, dated:06.04.2017)

### **PROVISION OF LAND**

I.(1) (i) All allotments of Government land to the AVCG Industry are made subject to availability, fulfillment of certain eligibility criteria by the applicant AVCG company, and on payment of land cost & development cost, as determined from time to time by the allotment agencies, i.e., Telangana State Industrial & Infrastructure Corporation (TSIIC)/ Hyderabad Metropolitan Development Authority (HMDA) and the concerned local Statutory Authorities.

(ii) The eligibility criteria for allotment of land to AVCG Industry is:-

**(a) Hyderabad:**

(iii)The applicant Animation, Visual Effects, Comics & Gaming (AVCG) company shall have been in operation for the last two financial years on the date of application requesting for allotment of land and registered a turnover of Rs.50 crores during the last two financial years.

(iv)On the date of application requesting for allotment of land, the Animation, Visual Effects, Comics & Gaming company shall have 500 employees on its payrolls and should have sustained such employment for the last two financial years.

The conditions on fulfillment of obligations upon allotment of appropriate extent of land in Hyderabad to Animation, Visual Effects, Comics & Gaming company are:

- iv. Fulfillment of an employment obligation of employing 250 Animation, Visual Effects, Comics & Gaming professionals per one acre of land allotted.
- v. Construction of 25,000 Sq.ft office space in one acre of land allotted.
- vi. 3 years for completion of the project and fulfillment of obligations mentioned at (i) and (ii) above from the date of taking over possession of the allotted land.

**(b) Tier-II City (such as Warangal, Karimnagar, Mahboobnagar, Khammam etc):**

(iii)The applicant Animation, Visual Effects, Comics & Gaming company shall have been in operation for the last two financial years on the date of application requesting for allotment of land and registered a turnover of Rs.15 crores during the last two financial years.

(iv)On the date of application requesting for allotment of land, the Animation, Visual Effects, Comics & Gaming Company shall have 100 employees on its payrolls.

The conditions on fulfillment of obligations upon allotment of appropriate extent of land in Tier-II city to Animation, Visual Effects, Comics & Gaming company are:

- iv. Fulfillment of an employment obligation of employing 100 Animation, Visual Effects, Comics & Gaming professionals per one acre of land allotted.
- v. Construction of 15,000 Sq..ft office space in one acre of land allotted.
- vi. 3 years for completion of the project and fulfillment of obligations mentioned at (i) and (ii) above from the date of taking over possession of the allotted land.

(iii) Companies availing the allotment of land incentive are not eligible for 100%/75% /50% Stamp duty reimbursement.

**(2) Mega Projects:**

A special and up front negotiated package of incentives, will be offered for mega projects set up by AVCG Multinational Corporations (MNCs) and majors. Mega Projects are defined as such AVCG projects, with present employment of more than 750 and an annual turnover of more than Rs.75 crores for the last 3 years.

(3) The exact location, extent of land, land/development cost per acre of allotment shall be as determined by the Government.

**II. Procedure:**

1) The AVCG companies should submit duly filled up application forms, to the ITE&C Department for placing before the CCAVCGI for approval, alongwith the justification proposal on the requirement of extent of land for construction of the Campus, Memorandum & Articles of Association, Annual Reports and appropriate documentation/certification from competent authority on existing employment/turnover, as mentioned hereunder:-

**(a) Existing employment:**

The applicant company requesting for allotment of land shall submit the authentication on their existing employment from any of the concerned competent Statutory Authority as mentioned here under:

- (i) Certificate from Provident Fund Commissioner, that the existing employment figure tallies with their records pertaining the PF payments made OR
- (ii) Certificate from the Competent Authority that the profession tax for the respective financial year has been paid for the no.of employees indicated in the application OR
- (iii) Certificate from the Banker of the respective company in respect of the employees on the rolls of the said company to corroborate the figure of existing employment indicated in the application OR
- (iv) Certificate from concerned Income Tax Officer that the appropriate form (Form-24 or Form-16) filed with the Income Tax Dept by the company indicating the no.of employees for whom TDS has been deducted by the company for the respective financial year.
- (v) In case of overseas companies showcasing their employees should justify it with notarized document from competent authority of their respective country specifying their employment Tax Returns / Bank statement etc.

**(b) Turnover:**

Approved and Audited Annual Accounts filed with the Registrar of companies, in support of the latest turnover figures mentioned in the application.

2) The Department would place the application to the CCAVCGI. If recommended, the allotment letter will be sent to allotment agencies TSIIC / HMDA etc for causing allotment of land, subject to availability, allotment terms & conditions and on payment of land cost as is decided upon.

3) Mere fulfillment of eligibility does not confer entitlement for allotment of land. Further, allotment of land is subject to availability and is at the sole discretion of the Government. No correspondence is entertained in this regard.

4) TSIIC / HMDA will enter into an Agreement of Sale. Subject to fulfillment of employment and buildup area commitment given to the ITE&C Dept, TSIIC will execute the Sale Deed.

## **ANNEXURE - XVII**

( to GO Ms.No:3 ITE&C Dept, dated:06.04.2017)

### **PERFORMANCE GUARANTEE (BANK GUARANTEE)**

This performance Bank Guarantee made this .....day of .....month .....year by M/s....., having its registered office at .....

- A) Whereas M/s ..... a company incorporated under the Companies Act 1956 and having its corporate office at ..... requested for the incentive of .....
- B) Whereas on consideration of the said request, the Government of Telangana based on IMAGE Policy, issued vide G.O.Ms.No. , ITE&C Department, dt: 03.2017, read with Operational Guidelines thereon, has sanctioned an amount of Rs..... and released an amount of Rs..... as .... installment in this regard.
- C) Further as per the G.O.Ms.No. ..., ITE&C Department, dt: .03.2017, read with Operational Guidelines. ITE&C Department, Government of Telangana and M/s..... have agreed that in the event M/s.....fail to fulfill the conditions, in full or in part, then in such an event, Rs..... (Rupees.....) is to be refunded to the ITE&C Department, Government of Telangana.
- D) In order to secure the performance of M/s.....to pay the claim amount basing on the terms and conditions contained in the G.O.Ms.No..., ITE&C Department, dt: .03.2017, read with Operational Guidelines thereon, by Government of Telangana, as required, M/s.....has requested the Bank to provide a Guarantee and the Bank hereby guarantee the payment of the claim amount subject to the following terms and conditions.

#### **NOW THIS BANK GUARANTEE WITNESSETH FOLLOWS:**

- 1) All capitalized terms used herein and in G.O.Ms.No..., ITE&C Department, dt: .03.2017, read with Operational Guidelines, hereto if not specifically defined shall have the same meaning assigned to.
- 2) The Bank hereby irrevocably guarantee and undertake to pay to ITE&C Department, Government of Telangana, on written demand, without demur, reservation, contest, recourse or protest, to the ITE&C Department, Government of Telangana the claim amount in full.
- 3) Notwithstanding anything contained herein above, the Bank's maximum liability under this guarantee is strictly restricted to Rs..... (Rupees.....only).
- 4) This Guarantee will come into force with immediate effect and shall remain in force and valid for a period of three years.
- 5) This unconditional and irrevocable Bank Guarantee shall be available for invocation and payment at the bank counters in Hyderabad or Secunderabad. Any demand under the guarantee must be made in writing and must be dispatched at the Bank's address at .....whilst the guarantee remains in force as above. On receipt of such demand, the guarantor shall pay to the ITE&C Department, Government of Telangana the amount of the demand within 15 business days following the invocation of the guarantee by the ITE&C Department, in writing as aforesaid.

The courts located in the twin cities of Hyderabad and Secunderabad shall have jurisdiction over any dispute arising out of this guarantee.

Notwithstanding anything contained herein:

1. Our liability under this Bank Guarantee shall not exceed Rs.....(Rupees.....only).
2. This Bank Guarantee shall be valid upto 3 years and .....
3. We are liable to pay the guaranteed amount or any part thereof under this Bank Guarantee only and only if ITE&C Department serve upon us a written claim or demand on or before .....(Date of expiry of Guarantee).

In witness whereof the guarantee is executed by Sri..... on behalf of the Bank who as Principal Officer of the bank are authorised and competent to execute such like guarantees including the present one.